



**CONNECTICUT ACADEMY OF
FAMILY PHYSICIANS**
CARING FOR CONNECTICUT'S FAMILIES

Statement in Support of

House Bill 5345 – An Act Concerning Cooperative Health Care Arrangements

Labor & Public Employees Committee

March 11, 2014

This testimony is being submitted on behalf of our nearly 600 Family Physicians members in strong support of House Bill 5345 – An Act Concerning Cooperative Health Care Arrangements. The Family Physicians of Connecticut strongly encourages this Committee to enact legislation during the 2014 legislative session that would add some fairness to the current “all or nothing” contracts that physicians have to negotiate with Managed Care Organizations (MCOs).

As physicians we are committed to providing the highest quality healthcare to our patients. Unfortunately, caring for our patients no longer just requires a physician’s time to address health concerns. Instead, we must negotiate contracts with MCO’s, multibillion-dollar companies that have dozens of contract attorneys on their side. In contrast, we are usually small practices, sometimes solo physicians who need to hire an attorney, but usually attempt to negotiate these contracts ourselves. Some physicians utilize their local Physician-Hospital Organization (PHO) or Independent Practice Associations (IPA) to negotiate for them. Unfortunately, some of these organizations are not experienced enough to negotiate on their own

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or simply do not have enough resources to negotiate. Finally, not only do we have to negotiate contracts we must also sort through restrictive drug formularies, hire extra staff to resubmit "denied or downcoded" claims, and we must be businessmen before we can even begin to doctor.

Of course the days of simple fee for service billing are gone. Unfortunately the current environment fosters animosity between the companies that have the money and the doctors who want to get fair reimbursement for their service. As usual the patient is caught in the middle.

In the past few years Medicine has asked for and unfortunately did not receive any relief from professional liability premiums. We were given a bill that will ultimately force Promutual from the state. This will leave hundreds of physicians including myself scrambling to conform to state law to maintain malpractice coverage and sign up with the only remaining medical malpractice, CMIC, whose rates are much higher and effectively form a monopoly. As a consequence our overhead increases steadily without any increase in income or reimbursement. The only way to make up for this loss is to increase patient volume or increase the ordering of tests or procedures. This ultimately raises the cost of health care. The final winners: the MCO's with record profits. The losers, initially physicians and finally the patients of Connecticut.

The MCO's executives have told us that if we don't like the contracts then we should simply not sign them. Given that most if not all of our patients are covered by an MCO through their employer, we have no choice but to sign such agreements. In addition, the strong market hold of the MCO combined with antitrust laws that prohibit physicians from negotiating together leave us powerless.

These contracts usually allow for unilateral contract changes on the MCO's part, do not give the financial information that is needed to determine the amount of reimbursement, and allow for the downcoding and bundling of claims, and other unfair practices.

Current anti-trust laws that prevent physicians from entering into "cooperative agreements" must be changed. Such agreements would allow physicians to join together in order to provide health care services, negotiate pricing, share patients, personnel, support services, laboratory facilities and/or procedures. As a result physicians would be able to improve quality of care, help to contain costs, and improve access to health care especially in rural areas. The only way to combat unfair contract provisions and negotiate with an MCO is through the formation of a cooperative health care arrangement. Without changes to current antitrust laws, MCOs will be able to continue dictating the terms and conditions they offer physicians

We must level the playing field between physicians and MCOs in order to guarantee that our patients are able to receive the health care they deserve. We hope to be able to work together with this Committee in order to bring fairness in contracting between Managed Care Organizations and physicians.

For more information, please call:

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